

# South Carolina Board of Economic Advisors

## Statement of Estimated State Revenue Impact

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**Date:** May 4, 2007

**Bill Number:** S.B. 524

**Author:** Leatherman

**Committee Requesting Impact:** Senate Finance Committee

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### Bill Summary

A bill to amend Section 6-1-760 of the 1976 code, relating to revenue bonds, to provide that the proceeds of accommodations fees, hospitality fees, and state accommodations fees may be pledged as security.

### REVENUE IMPACT <sup>1/</sup>

This bill is not expected to impact state General Fund revenue in FY2007-08.

### Explanation

This bill would amend Section 6-1-760 to allow a county or municipality to pledge revenue generated from the local accommodations tax, the local hospitality tax, and the local share of the state accommodations tax as security for issuing bonds and to use the proceeds from these revenue sources to retire outstanding bonds. Currently, pursuant to Section 6-1-530, counties and municipalities may issue bonds and use the proceeds for tourism-related purposes. This bill would allow counties and municipalities to use bond proceeds for “cultural” uses such as the arts, historical preservation, museums, and festivals, as well as, “hospitality” uses including areas directly involved in the service segment of the travel and tourism industry such as lodging facilities, restaurants, attractions, recreational amenities, transportation facilities and services, and travel information and promotion entities, as described in Section 6-4-5. According to the Department of Revenue, revenue from the two-cent state accommodations tax amounted to \$40,429,703 in FY2005-06. The Office of Research and Statistics reports in the “Local Government Finance Report” that counties and municipalities collected \$25,526,503 from the local accommodations tax and \$74,582,108 from the local hospitality tax in FY2002-03. This bill would allow counties and municipalities to pledge \$140,538,314 as security against the issuance of bonds to fund local tourism, cultural, and hospitality projects in their communities. Because this bill would allow local authorities to decide how to allocate locally-generated tax revenue, it is not expected to impact state General Fund revenue in FY2007-08.

/s/ WILLIAM C. GILLESPIE, PH.D.

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<sup>1/</sup> This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.